

**University of South Carolina - Columbia
Department of Athletics**

***Independent Accountant's Report On
Applying Agreed-Upon Procedures***

For the year ended June 30, 2018

University of South Carolina - Columbia
Department of Athletics
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Independent Accountant's Report on Applying Agreed-Upon Procedures

The Audit and Compliance Committee
University of South Carolina - Columbia
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the Audit and Compliance Committee and management of the University of South Carolina - Columbia (the University), Department of Athletics (the Department), solely to assist the Department's management in its evaluation of compliance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2018. The Department's management is responsible for the accompanying Statement of Revenues, Expenses and Transfers (the Statement) and for the Department's compliance with the NCAA's requirements. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Per your instructions, this report includes only those exceptions exceeding \$100,000 unless otherwise specified below.

Procedures Related to the Statement of Revenues, Expenses, and Transfers

AGREED-UPON PROCEDURE #1

We obtained from the Department's management the Statement of Revenues, Expenses and Transfers (the Statement) and agreed the amounts reported on the Statement to the Department's general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #2

We compared and agreed each revenue category reported in the Statement for the year ended June 30, 2018 to supporting schedules provided by the Department. If a specific reporting category was less than 4.0% of the total revenues, no procedures were required for the specific category.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #3

We compared each major revenue category over 10% of total revenues to the prior period amounts (fiscal year 2017) and budget estimates. We inquired of management to obtain explanations for variances greater than 10%.

Findings:

Per management, budgets are not prepared on a basis consistent with NCAA definitions for the revenue reporting categories. As such, we did not compare each major revenue reporting category to budget estimates. We noted no revenue categories over 10% of total revenues that varied more than 10% from the prior period.

AGREED-UPON PROCEDURE #4

We compared tickets sold, complimentary tickets provided, and unsold tickets for football and men's basketball per the Department's ticketing system's Event Audit Reports for the year ended June 30, 2018 to the related revenue report by the Department in the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #5

We planned to obtain the Department's calculation of student athletic fees and perform the following procedures:

- a. Recalculate student athletic fees by multiplying total student enrollment by athletic fee per student.
- b. Compare student enrollment used in the calculation to the University's official enrollment data obtained from the Institutional Assessment and Compliance (IAC) for the Fall 2017 and Spring 2018 semesters.
- c. Compare the total of the University's calculation for student athletic fees to the Statement.
- d. Obtain documentation of the University's methodology for allocating student fees to the Department and compare allocation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

Findings:

Per management, student activity/ticket fees are reported in admissions/ticket sales revenue on the Statement and were less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #6

We planned to obtain a schedule of the direct state or other governmental support recorded by the Department during the year ended June 30, 2018 and compare to State appropriations, institutional authorizations and/or other corroborative supporting documentation.

Findings:

Per management, the Department received no direct state or other governmental support revenue during the year ended June 30, 2018.

AGREED-UPON PROCEDURE #7

We planned to compare the direct institutional support recorded by the Department during the year ended June 30, 2018 with institutional supporting budget transfers documentation and/or other corroborative supporting documentation.

Findings:

Per management, direct institutional support was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #8

We planned to compare the transfers back to the University with permanent transfers back to the University from the Department and recalculate totals.

Findings:

Per management, transfers back to the University were less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #9

We planned to obtain a schedule of the Department's indirect institutional support for the year ended June 30, 2018, as prepared by the University's Facilities Department, and compare the total of the schedule to the corresponding amount on the Statement.

Findings:

Per management, the Department received no indirect facilities support revenue during the year ended June 30, 2018.

AGREED-UPON PROCEDURE #10

We planned to select two settlement statements (one football and one basketball) for away games from a schedule provided by the Department. For each of these settlement statements, we planned to compare the settlement revenue on the schedule to amounts specified in contracts provided by the Department.

Findings:

Per management, guarantee revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #11

We obtained a schedule of contributions for the year ended June 30, 2018 and identified any contributions in excess of 10% of total contributions. For contributions in excess of 10% of total contributions, we compared the amounts to supporting documentation and recalculated totals.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #12

We planned to obtain from the Department a schedule of in-kind gifts recorded by the Department for the year ended June 30, 2018 and recalculate totals and compare amounts in the schedule to amounts reported in the Statement.

Findings:

Per management, in-kind gifts were less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #13

We obtained from the Department a report detailing all compensation and benefits provided by a third party recorded by the Department for the year ended June 30, 2018. We haphazardly selected three coaches from the report and, for each coach selected, compared the compensation and benefits provided by a third party on the schedule provided by the Department to amounts specified in the related contracts. We footed and cross-footed the schedule of compensation and benefits provided by a third party and agreed the total to the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #14

We obtained a detail of media rights revenue for the year ended June 30, 2018 and judgmentally selected two contracts. For each contract selected, we compared the amounts reflected in the contracts provided to the corresponding revenue amounts in the Statement.

Findings:

Per management, all media rights revenue is received through a distribution from the Southeastern Conference. We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #15

We planned to obtain the revenue distribution agreements from the NCAA and compare to the corresponding revenue amounts in the Statement.

Findings:

Per management, NCAA revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #16

We obtained the revenue distribution agreements from the Southeastern Conference and compared to the corresponding revenue amounts in the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #17

We planned to obtain a schedule of program, concession, novelty sales and parking recorded by the Department for the year ended June 30, 2018 and compare the total of the schedule to the corresponding revenue amounts in the Statement.

Findings:

Per management, program sales, concessions, novelty sales and parking revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #18

We obtained a detail of contracts for royalties, licensing, advertisements, and sponsorships for the year ended June 30, 2018 and judgmentally selected two contracts. For each contract selected, we compared the amounts reflected in the contracts to the corresponding revenue amounts in the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #19

We planned to obtain sports camp contract(s) between the Department and the person(s) conducting Department sport camps or clinics during the year ended June 30, 2018 and to inquire of management the Department's methodology of recording revenues from sport camps.

Findings:

Per management, sports camp revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #20

For the sports camp contract(s) identified in procedure #19, we planned to obtain a schedule of sports camp participants and haphazardly select a sample of three individual camp participant cash receipts from the schedule of sports camp participants and agree each selection to the Department's general ledger and/or the Statement and recalculate totals.

Findings:

Per management, sports camp revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #21

We planned to obtain agreements related to the Department's revenues from post-season bowl participation and compare the amounts reported in the agreements to the corresponding revenue amounts in the Statement.

Findings:

Per management, bowl revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #22

We compared and agreed each expense category reported in the Statement for the year ended June 30, 2018 to supporting schedules provided by the Department. If a specific reporting category was less than 4.0% of the total expenses, no procedures were required for the specific category.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #23

We compared each major expense category over 10% of total expenses to the prior period amounts (fiscal year 2017) and budget estimates. We inquired of management to obtain explanations for variances greater than 10%.

Findings:

Per management, budgets are not prepared on a basis consistent with NCAA definitions for expense reporting categories. As such, we did not compare each major expense reporting category to budget estimates. Explanations for variances greater than 10% from the prior year are as follows:

Athletic Facilities, Debt Service, Leases and Rentals - Increased by \$1,712,068, or 14%. The increase is primarily attributable to an increase in annual debt service related to athletic facilities. The Department issued \$40.3 million in bonds during March 2017 to finance the construction of the new Football Operations Center. The increase in outstanding bonds caused an increase in debt service payments of \$1.7 million during fiscal year 2018 compared to fiscal year 2017.

Transfers to University - Decreased by \$1,072,792 or 17%. The decrease is mostly attributable to a decrease in transfers to fund capital projects, which is directly related to the completion of the Men's Basketball Office Complex. During fiscal year 2017, funding for this project was about \$1.38 million, but during fiscal year 2018, funding for this project was only about \$318,000. This is a decrease of about \$1.06 million.

AGREED-UPON PROCEDURE #24

We planned to haphazardly select two guarantees for visiting teams from a schedule provided by the Department. For each of these guarantees, we planned to compare the guarantee expenses on the schedule to the amounts specified in game contracts.

Findings:

Per management, guarantee expense was less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #25

We planned to obtain a copy of the Department's team recruiting expense policies and compare it to related policies documented in the NCAA Division I Manual. In addition, we planned to obtain a general ledger detail of recruiting expenses for the year ended June 30, 2018 and compare it to the amount reported in the Statement.

Findings:

Per management, recruiting expense was less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #26

We obtained a copy of the Department's team travel expense policies and compared it to related policies documented in the NCAA Division I Manual. In addition, we obtained a general ledger detail of travel expenses for the year ended June 30, 2018 and compared it to the amount reported in the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #27

We obtained a schedule of debt service, lease payments, and rental fees recorded by the Department for the year ended June 30, 2018. From the schedule provided, we selected the two highest facility payments and haphazardly selected one additional facility payment and compared amounts reported in the schedule to supporting debt/rental agreements. In addition, we compared amounts on the schedule to the Department's general ledger and recalculated totals.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #28

We obtained from management a repayment schedule of all outstanding intercollegiate athletics debt during the year ended June 30, 2018 and recalculated annual maturities, consisting of principal and interest, provided in the schedule. We compared the total maturities and total outstanding athletic related debt to supporting documentation and the Department's general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #29

We compared the total outstanding University related debt to supporting documentation and the University's audited financial statements, if available, or the University's general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #30

We obtained a schedule of all athletics dedicated endowments maintained by the Department, the University and affiliated Organizations for the year ended June 30, 2018 and compared the total fair market value of the athletics dedicated endowments to supporting documentation, the Department's general ledger, and audited financial statements, if available.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #31

We obtained from management a schedule of all University endowments for the year ended June 30, 2018. We then compared the total fair market value of the University's endowments to supporting documentation, the University's general ledger, or audited financial statements, if available.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #32

We obtained from management a schedule of athletics related capital expenditures made by the Department, the University and affiliated organizations for the year ended June 30, 2018. From the schedule we selected a sample of three transactions and compared the amounts reported in the schedule to supporting documentation. In addition, we compared amounts on the schedule to the Department's general ledger and recalculated totals.

Findings:

We found no exceptions as a result of these procedures.

For procedures 33-48, all exceptions will be reported regardless of dollar amount.

AGREED-UPON PROCEDURE #33

We randomly selected a sample of twenty-five receipts for the year ended June 30, 2018 from a detail of cash receipts provided by the Department. For each receipt selected, we performed the following procedures:

- a. Compared the receipt to the daily cash receipts report,
- b. Compared the daily cash receipts report to the validated deposit slip, and
- c. Compared the receipt to posting in the general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #34

We planned to obtain for the year ended June 30, 2018 a detail of Department endowments and a detail of endowment expenses. From the detail of Department endowments we planned to haphazardly select two endowments and perform the following procedures:

- a. Haphazardly select three transactions from the detail of endowment expenses and obtain the related invoice.
- b. Compare the description of goods or services reflected in the invoices obtained in procedure “a” to stipulations noted in the selected endowment’s agreement.

Findings:

Per management, revenues derived from the endowment and investment income reporting category were less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #35

We planned to obtain the general ledger details for the following expense categories:

- a. Equipment, uniforms and supplies,
- b. Game expenses,
- c. Fundraising, marketing and promotion,
- d. Sports camp expenses,
- e. Spirit groups,
- f. Direct facilities and administrative support,
- g. Medical expenses and insurance,
- h. Memberships and dues,
- i. Other operating expenses
- j. Student athlete meals (non-travel),
- k. Bowl expenses,
- l. Conference realignment expenses, and
- m. Transfers to University

For each category that is greater than 4% of total expenses, we planned to compare the general ledger detail to the total expenses reported and haphazardly select a sample of three transactions. For each transaction selected, we planned to compare the amount reported in the general ledger to a supporting invoice.

Findings:

Per management, equipment, uniforms and supplies, fundraising, marketing and promotion, sports camp expenses, spirit groups, medical expenses and insurance, memberships and dues, student athlete meals (non-travel), and bowl expenses were each less than 4% of total expenses; therefore, no procedures were required for these specific categories. Management also stated there were no conference realignment expenses. The remaining expense categories noted above in this procedure were tested and we had no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #36

We obtained a squad/eligibility list for each sponsored sport and randomly selected a sample of 40 student athletes (10% of total student athletes who received financial aid during the year ended June 30, 2018 or a maximum of 40). For each student athlete selected, we performed the following procedures:

- a. Obtained the individual student account detail from the Banner software system (the University's student information system) and compared total aid to the University's NCAA Compliance Assistance Software (CA).
- b. Compared the student's information per Banner to the information reported in CA using the following criteria:
 - The equivalency value for each student-athlete in all sports, including head-count sports, were converted to a full-time equivalency value. The full-time equivalency value was calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA as the numerator and the full grant amount which was the total cost for tuition, fees, course-related books, room and board for an academic year as the denominator. If using the CA, that equivalency value was calculated on the CRDE report labeled "Revenue Distribution Equivalent Award".
 - Grants-in-aid was calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).
 - Other expenses related to attendance (also known as gap money or cost of attendance) were not included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books were countable for grants-in-aid revenue distribution per Bylaw 20.02.07.
 - Full grant amounts were entered as a full year of tuition, not a semester or quarter.
 - Student-athletes were only counted once and did not receive a revenue distribution equivalency greater than 1.00.
 - Athletic grants were valid for revenue distribution purposes only in sports in which the NCAA conducts championship competitions, emerging sports for women and football was included in the calculations.
 - Grants-in-aid was valid for revenue distribution purposes in NCAA sports that did not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.
 - Grants awarded to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth -year)" or "Medical" received credit in the grants-in-aid component.
 - The athletics aid equivalency did not exceed maximum equivalency limits set by Bylaw 15.5.3.1.
 - If a sport was discontinued and the grant(s) were still being honored by the University, the grant(s) were included in student-athlete aid for revenue distribution purposes.
 - All equivalency calculations were rounded to two decimal places.
 - If a student selected received a Pell Grant, the value of the grant was not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the University.
 - If a student selected received a Pell Grant, the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.

Findings:

We found no exceptions as a result of procedure “b”. The results of performing procedure “a” are as follows:

Student Athlete	Student Account		Per NCAA Software*	Difference
	Detail			
Student Athlete 1	\$ 15,982	\$ 15,000	\$ 982	
Student Athlete 2	28,904	27,650	1,254	
Student Athlete 3	30,412	30,168	244	
Student Athlete 4	53,402	50,268	3,134	
Student Athlete 5	50,512	50,268	244	
Student Athlete 6	53,692	50,268	3,424	
Student Athlete 7	15,344	14,562	782	
Student Athlete 8	25,382	25,138	244	
Student Athlete 9	28,574	36,474	(7,900)	
Student Athlete 10	24,802	24,558	244	
Student Athlete 11	51,250	50,268	982	
Student Athlete 12	50,183	49,201	982	
Student Athlete 13	19,403	19,160	243	
Student Athlete 14	35,432	35,188	244	
Student Athlete 15	52,815	50,268	2,547	
Student Athlete 16	14,644	13,817	827	
Student Athlete 17	26,456	25,554	902	
Student Athlete 18	25,377	24,605	772	
Student Athlete 19	33,616	33,162	454	
Student Athlete 20	49,973	49,201	772	
Student Athlete 21	50,801	49,201	1,600	
Student Athlete 22	51,460	50,268	1,192	
Student Athlete 23	54,152	50,268	3,884	
Student Athlete 24	52,245	49,201	3,044	
Student Athlete 25	31,070	30,168	902	
Student Athlete 26	30,737	30,493	244	
Student Athlete 27	25,244	25,000	244	
Student Athlete 28	29,873	27,571	2,302	
Student Athlete 29	48,798	46,945	1,853	
Student Athlete 30	23,274	22,292	982	
Student Athlete 31	573	573	-	
Student Athlete 32	2,622	2,500	122	
Student Athlete 33	28,533	26,853	1,680	
Student Athlete 34	14,937	14,551	386	
Student Athlete 35	23,002	21,900	1,102	
Student Athlete 36	35,432	35,188	244	
Student Athlete 37	15,274	15,030	244	
Student Athlete 38	52,048	50,268	1,780	
Student Athlete 39	5,244	5,000	244	
Student Athlete 40	34,036	31,762	2,274	

Findings, Continued:

*Per NCAA Bylaw 15, an institution with several official on-campus housing rates listed in its catalog may use the average of the room cost for all students living on campus or the actual cost. In addition, the NCAA requires the institution to use an \$800 figure for its books equivalency computation even though the institution may pay less than, equal to or greater than \$800 for each student-athlete's actual books cost. The amounts listed in the student's account detail are based on the official book number used by the University of South Carolina Office of Student Financial Aid and Scholarships.

Differences greater than \$1,000 were further explained by management. Management's explanations are as follows:

Student Athlete 2 – Per management, this student had additional course fees of \$150 (Capstone Scholar Fee) and \$210 (Chemistry Lab Fee) for each of the fall and spring semesters and an additional course fee of \$80 (Matriculation Fee) and \$210 (Statistics Lab Fee) for the fall and spring semesters, respectively, that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 4 – Per management, this student had an additional course fee of \$1,300 (Public Health Fee) for each of the fall and spring semesters and additional course fees of \$130 (Language Lab Fee) and \$160 fee for enrolling in over 17 credit hours for the fall and spring semesters, respectively, that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 6 – Per management, this student had an additional course fee of \$1,300 (Public Health Fee) for each of the fall and spring semesters and an additional course fee of \$210 (Statistics Lab Fee) for the fall semester and \$130 (Language Lab Fee) and \$240 fee for enrolling in over 17 credit hours for the spring semester that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 9 – Per management, this student athlete withdrew from the spring semester in February. The student's account detail was updated with actual charges paid by scholarship but the NCAA software was not.

Student Athlete 15 – Per management, this student had additional course fees of \$1,209 (Engineering Fee), \$750 (International Student Fee) and \$80 (Matriculation Fee) for the fall semester and \$264 (HRSM Program Fee) for the spring semester that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 21 - Per management, this student had an additional course fee of \$678 (BA Enrichment Fee) for each of the fall and spring semesters that was recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 22 - Per management, this student had an additional course fee of \$264 (HRSM Fee) for each of the fall and spring semesters and additional \$210 (Marine Science Lab Fee) and \$210 (Statistics Lab Fee) for the fall semester that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 23 - Per management, this student had an additional course fee of \$1,300 (Public Health Fee) for each of the fall and spring semesters and additional course fees of \$750 (International Student Fee) and \$80 (Matriculation Fee) for the fall semester and \$210 (Biology Lab Fee) for the spring semester that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Findings, Continued:

Student Athlete 24 - Per management, this student had an additional course fee of \$1,300 (Public Health Fee) for each of the fall and spring semesters and an additional course fee of \$200 (Art Lab Fee) for the spring semester that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 28 – Per management, this student was actually enrolled in 12 hours for the spring semester whereas the NCAA software reflected a nine hour enrollment. The student remained in 12 hours for the spring semester despite being approved to only take nine hours.

Student Athlete 29 - Per management, the spring semester was entered into the NCAA software with the assumption that when the student dropped a class, the Department would receive a 20% refund on the course due to the drop date. However, when the course was dropped, the student was charged for the entire course. As such, the Department covered the entire course charge. Amounts disbursed per the student's account detail are correct.

Student Athlete 33 – Per management, this student had an additional course fee of \$678 (BA Enrichment Fee) for each of the fall and spring semesters and an additional \$80 Fee for enrolling in over 17 credit hours for the fall semester that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 35 - Per management, this student had additional course fees of \$900 (Graduate School Fee) and \$80 (Matriculation Fee) that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 38 - Per management, this student had an additional course fee of \$678 (BA Enrichment Fee) for each of the fall and spring semesters and an additional \$50 (SLIS Lab Fee) and \$130 (Language Lab Fee) for the spring semester that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 40 - Per management, this student had an additional course fees of \$1,300 (Public Health Fee) and \$210 (Chemistry Lab Fee) for each of the fall and spring semesters and additional \$210 (Astronomy Lab Fee) for the fall semester that were recorded on the student's account detail and not in the NCAA software. For each of the fall and spring semesters, the student received an additional \$600 fee waiver due to course fees being so high. The remainder of the difference is related to the set fee for books noted above.

AGREED-UPON PROCEDURE #37

We recalculated the totals on the squad/eligibility lists obtained in procedure #36 for each sport and overall.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #38

We obtained a listing of coaches employed by the Department for the year ended June 30, 2018. From this listing, we haphazardly selected one coach from each of football and men and women's basketball, as well as one additional coach. For each of the selected coaches, we compared the recorded salary expense, including salary, benefits, and bonuses paid by the Department per payroll summary registers to their employment contract.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #39

We obtained a listing of coaches who received other compensation and benefits paid by a third party during the year ended June 30, 2018. From this listing, we haphazardly selected one coach from each of football and men and women's basketball and compared the compensation and benefits paid by the third party to amounts specified in each respective employee contract.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #40

We obtained a listing of support staff/administrative employees who were employed by the Department for the year ended June 30, 2018. From this listing, we haphazardly selected three support/administrative staff and compared their recorded salary, benefits and bonuses, if any, per payroll summary registers to their employment contract.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #41

We planned to obtain a listing of support staff/administrative salaries, benefits and bonuses paid by a third party during the year ended June 30, 2018. From this listing, we planned to haphazardly select two support/administrative staff and compare the compensation and benefits paid by the third party to amounts specified in each respective employee contract.

Findings:

Per management, support staff/administrative salaries, benefits and bonuses paid by a third party were less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #42

We planned to obtain a listing of employees who received severance payments during the year ended June 30, 2018 and compare the related termination letters or employment contracts to the amount reported in the Statement.

Findings:

Per management, severance payments were less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #43

We compared the number of sponsored sports reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report from the NCAA Compliance Assistant Software provided by the Department.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #44

We obtained the Department's "Sports Sponsorship and Demographics Forms Report" for the year ended June 30, 2018 and compared the number of countable sports reported by the Department to the minimum requirements set forth in NCAA Bylaw 20.9.6.3.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #45

We compared the total number of Division I student-athletes who, during the 2017-2018 academic year, received a Pell Grant award (i.e. Pell Grant recipients on Full Grant-in Aid, Pell Grant recipients on Partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of those Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the Department's financial aid records, of all student-athlete Pell Grants.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #46

We requested the Department to identify all intercollegiate athletics-related affiliated and outside organizations.

Findings:

Per management, the Gamecock Club of the University of South Carolina (the Gamecock Club) is an affiliated organization whose primary mission is to promote intercollegiate athletics at the University.

AGREED-UPON PROCEDURE #47

For those organizations identified in procedure #46, we obtained the following, if available:

- a. Audited financial statements,
- b. Any additional reports regarding internal control matters, and
- c. Corrective actions taken in response to comments concerning internal control structure, if any.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #48

We compared and agreed the revenue and expenses included in the audited financial statements (obtained in procedure #47) to the Statement.

Findings:

We found no exceptions as a result of these procedures.

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. We were not engaged to, and we did not, perform an audit or review, the objective of which would be the expression of an opinion on the specified areas, accounts, or items and on the effectiveness of internal control over financial reporting described in paragraph one and procedures described in this report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Audit and Compliance Committee and management of the University of South Carolina - Columbia, Department of Athletics, and is not intended to be and should not be used by anyone other than these specified parties.



Columbia, South Carolina
January 14, 2019

University of South Carolina - Columbia
Attachment A
Department of Athletics
Statement of Revenues, Expenses and Transfers (Unaudited)
For the year ended June 30, 2018

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
REVENUES						
Admissions/ticket sales	\$ 19,761,829	\$ 1,929,622	\$ 682,758	\$ 1,354,750	\$ 4,882,613	\$ 28,611,572
Direct institutional support	946,850	188,875	193,345	1,944,290	35,895	3,309,255
Less transfers to University	-	-	-	-	(3,309,255)	(3,309,255)
Guarantees	2,411,916	25,000	-	5,000	-	2,441,916
Contributions	12,512,688	724,232	374,435	1,238,228	22,594,533	37,444,116
In-kind gifts	-	-	-	-	615,590	615,590
Compensation and benefits provided by a third party	4,087,500	2,250,000	800,000	175,000	362,813	7,675,313
NCAA distributions	-	2,081,705	98,925	154,176	-	2,334,806
Conference distributions	7,593,479	372,977	19,830	41,323	1,574,017	9,601,626
Broadcast television, radio and internet rights	12,246,000	3,326,953	-	-	15,030,979	30,603,932
Program, concession, novelty sales and parking	3,188,526	174,255	218,658	382,498	390,366	4,354,303
Royalties, licensing, advertisements and sponsorships	9,300	-	25,000	517,256	9,082,171	9,633,727
Sports camp revenues	-	-	-	-	43,335	43,335
Endowment and investment income	-	-	-	-	631,403	631,403
Bowl revenues	1,652,960	-	-	-	-	1,652,960
Other operating revenues	4,879	39,109	185,419	287,212	3,922,932	4,439,551
Total revenues	64,415,927	11,112,728	2,598,370	6,099,733	55,857,392	140,084,150
EXPENSES						
Athletic student financial aid	4,750,085	857,967	828,800	9,333,209	648,687	16,418,748
Guarantees	1,350,000	175,000	112,000	97,904	-	1,734,904
Coaching salaries, benefits, and bonuses paid by the Department and related entities	5,372,581	1,785,505	1,949,186	6,229,595	-	15,336,867
Coaching salaries, benefits, and bonuses paid by a third party	3,962,500	2,250,000	800,000	175,000	-	7,187,500
Support staff/administrative salaries, benefits, and bonuses paid by the Department and related entities	3,533,480	577,126	539,285	752,631	18,987,631	24,390,153
Support staff/administrative salaries, benefits and bonuses paid by a third party	125,000	-	-	-	362,813	487,813
Severance payments	212,209	-	-	698,060	-	910,269
Recruiting	861,747	303,699	206,878	726,829	29,514	2,128,667
Team travel	1,818,501	966,688	934,869	3,894,825	-	7,614,883
Equipment, uniforms and supplies	1,668,272	166,983	183,510	1,761,387	14,306	3,794,458
Game expenses	3,944,787	658,722	674,791	2,196,421	296,730	7,771,451
Fundraising, marketing and promotion	121,805	25,987	86,294	56,922	2,056,835	2,347,843
Sports camp expenses	-	-	-	-	108,721	108,721
Direct facilities and administrative support	821,904	2,043,377	2,048,779	1,040,718	13,898,503	19,853,281
Athletic facilities, debt service, leases and rentals	1,009,529	19,116	21,398	104,454	12,396,248	13,550,745
Spirit groups	-	-	-	-	575,947	575,947
Medical expenses and insurance	-	-	-	7,818	1,695,409	1,703,227
Memberships and dues	4,905	535	885	22,916	55,122	84,363
Student athlete meals (non-travel)	1,362,025	84,217	11,884	113,293	-	1,571,419
Bowl expenses	1,653,830	-	-	-	-	1,653,830
Bowl expenses - coaches compensation/bonus	229,009	-	-	-	-	229,009
Other operating expenses	515,475	54,558	98,787	482,276	4,258,363	5,409,459
Total expenses	33,317,644	9,969,480	8,497,346	27,694,258	55,384,829	134,863,557
TRANSFERS TO UNIVERSITY	-	-	-	-	5,108,922	5,108,922
Excess (deficiencies) of revenues over (under) expenses and transfers	\$ 31,098,283	\$ 1,143,248	\$ (5,898,976)	\$ (21,594,525)	\$ (4,636,359)	\$ 111,671

Department of Athletics

Notes to Statement of Revenues, Expenses and Transfers (Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of South Carolina - Columbia, Department of Athletics (the Department) is an auxiliary enterprise of the University of South Carolina - Columbia (the University) and as such is responsible for the Intercollegiate Athletic Program of the University. The Department's transactions are reported in the University's unrestricted current funds in the auxiliary enterprises subgroup.

Basis of Presentation - The accompanying Statement of Revenues, Expenses and Transfers (the Statement) presents the recorded amounts of revenues, expenses and transfers of the University of South Carolina - Columbia's Department of Athletics. It is not intended to be a complete presentation of the revenues, expenses and transfers of the University of South Carolina or the University of South Carolina - Columbia campus. The Statement has been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when supplies or services are received.

Indirect costs, including general administrative costs, maintenance, and other related costs, are not allocated because the Department pays explicitly for Department services.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are restricted by the donor are reported as deferred revenue until such time as the restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished).

Student Activity/Ticket Fees - For the year ended June 30, 2018, the University provided revenue (funding) to the Department for estimated athletic event tickets provided to students. This revenue is calculated by the estimated undergraduate student head count and a guaranteed associated relief payment. The Department recognized student activity/ticket fees of approximately \$4,883,000 in Admission/Ticket Sales for the year ended June 30, 2018.

Athletic Student Aid - The Statement includes athletic financial assistance awards for students participating in athletic programs. Financial assistance awarded to athletic participants on the basis of other criteria, such as need or academic excellence, is not reflected in the Statement.

NOTE 2 - NCAA LEGISLATION

In June 1985, the National Collegiate Athletics Association (NCAA) adopted legislation that required all expenses for, or on behalf of, an institution's intercollegiate athletics program, including those by outside organizations, to be included in the Statement of Revenues, Expenses and Transfers.

In January 1987, the NCAA constitution was amended to exempt from the audit requirement those with operating budgets for intercollegiate athletics of less than \$300,000.

In January 1988, the constitution was again amended. This amendment removed the audit requirement from the NCAA constitution and incorporated its provision into three separate bylaws, which contain revisions specific to each membership division. In August 2004, the NCAA replaced the financial audit guidelines with a set of agreed-upon procedures.

Department of Athletics***Notes to Statement of Revenues, Expenses and Transfers (Unaudited)***

NOTE 2 - NCAA LEGISLATION, Continued

As a Division I member of the NCAA, the Department is required to have agreed-upon procedures performed on the Statement each year. NCAA bylaws require all expenses for, or on behalf of, the University's Intercollegiate Athletics Program, including those by outside organizations, to be included on the Statement.

NOTE 3 - OUTSIDE ORGANIZATIONS

The Gamecock Club of the University of South Carolina (the Gamecock Club) is a 501(C)(3) organization with its own charter and Board which has as its primary mission to promote intercollegiate athletics at the University through scholarship fundraising, general fundraising and awareness of the University's athletic program. During the year ended June 30, 2018, the Gamecock Club recognized approximately \$14,959,000 and \$836,000 of contributions and other revenues, respectively. The Gamecock Club gifted approximately \$14,170,000 to the Department to fund scholarships for student athletes, which is included in Contributions Revenues on the Statement, and expended approximately \$1,416,000 to support Gamecock Club operations during the current year.

NOTE 4 - ADMISSIONS/TICKET SALES

The Department collected Fall 2018 football ticket sales on or before June 30, 2018 of approximately \$10,085,000. Recognition of these sales has been deferred until the year ended June 30, 2019. The Statement for the year ended June 30, 2018 reflects approximately \$10,714,000 in Fall 2017 football ticket sales which were collected on or before June 30, 2017.

NOTE 5 - REVENUE CONCENTRATION

The Department received significant revenue from the Southeastern Conference, the Gamecock Club, and the University of South Carolina Educational Foundation (the Foundation). These three revenue sources and amounts are included in the Statement. The Southeastern Conference provided revenue in distributions totaling approximately \$42,208,000. The Gamecock Club provided approximately \$14,170,000. The Foundation provided approximately \$9,120,000.

NOTE 6 - CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The Department capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 55 years for buildings and improvements and land improvements; 2 to 25 years for machinery, equipment, and vehicles; and 3 to 10 years for intangibles. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken in the month of disposition.

The University capitalized approximately \$28,586,000 of expenditures related to Department facilities and equipment during the year ended June 30, 2018.

Department of Athletics

*Notes to Statement of Revenues, Expenses and Transfers (Unaudited)***NOTE 7 - LONG-TERM DEBT**

Athletic facilities revenue bonds are maintained by the University but are payable from a pledge of net revenues of the Department, gross receipts of a special admission fee to facilities and a special student fee as authorized by the University's Board of Trustees. The scheduled maturities of the Department's bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,600,000	\$ 8,157,656	\$ 12,757,656
2020	4,810,000	7,952,556	12,762,556
2021	4,845,000	7,715,406	12,560,406
2022	5,080,000	7,485,806	12,565,806
2023	5,315,000	7,244,806	12,559,806
2024-2028	31,340,000	32,121,031	63,461,031
2029-2033	38,055,000	24,195,556	62,250,556
2034-2038	41,360,000	15,383,588	56,743,588
2039-2043	29,175,000	6,203,250	35,378,250
2044-2047	13,620,000	1,210,200	14,830,200
	<u>\$ 178,200,000</u>	<u>\$ 117,669,855</u>	<u>\$ 295,869,855</u>

The University issued \$46,990,000 in athletic facilities revenue bonds, on behalf of the Department, during the year ended June 30, 2018.

NOTE 8 - RESTRICTED GIFTS

There were no significant additions to Department endowment funds held by the Gamecock Club or University during the year ended June 30, 2018.